

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 EB-08 AID-05 CIAE-00 COME-00 FRB-03
 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
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FM AMEMBASSY PARAMARIBO
TO SECSTATE WASHDC 3610

C O N F I D E N T I A L PARAMARIBO 0839

E.O. 11652: GDS
TAGS: ECON, NS
SUBJ: ECONOMIC ALERT REPORT

REF: STATE 180067

1. WITH THE TWO COMFORTABLE CUSHIONS OF BAUXITE REVENUES AND NETHERLANDS DEVELOPMENT ASSISTANCE, SURINAM IS NOT LIKELY TO ENCOUNTER ECONOMIC DIFFICULTIES IN THE NEAR FUTURE WHICH WOULD SIGNIFICANTLY AFFECT U.S. INTERESTS. THIS IS NOT TO SAY THAT SURINAM'S ECONOMIC POLICYMAKERS WON'T HAVE A FULL PLATTER OF DIFFICULTIES (INCLUDING INFLATION, SHORTAGES OF MANAGEMENT SKILLS, SHORTAGES OF LABOR IN THE AGRICULTURAL SECTOR IN THE MIDST OF SUBSTANTIAL UNEMPLOYMENT AND UNDEREMPLOYMENT ELSEWHERE IN THE ECONOMY, AND LABOR/MANAGEMENT CONFLICTS, AS WELL AS IMPLEMENTATION OF THE NETHERLANDS ASSISTANCE PROGRAM TOTALLING \$1.5 BILLION OVER THE NEXT TEN TO FIFTEEN YEARS), BUT OVER THE SHORT TERM THOSE PROBLEMS ARE UNLIKELY TO ENGAGE THE U.S. IN ANY SUBSTANTIAL WAY.

2. OTHER THAN THE OPPORTUNITIES PRESENTED BY SURINAM'S IMPORT MARKET (ONE-THIRD OF WHICH IS NOW SUPPLIED BY THE U.S.), WE HAVE ONLY TWO IMPORTANT ECONOMIC INTERESTS
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IN SURINAM. THE FIRST AND BY FAR THE MORE IMPORTANT IS THE \$500 MILLION INVESTMENT OF ALCOA IN ITS SURINAM SUBSIDIARY, THE SURINAME ALUMINUM COMPANY (SURALCO), WHICH PRODUCES BAUXITE, ALUMINA AND ALUMINUM. AS OF NOW, HOWEVER, THERE IS NO RESPONSIBLE SENTIMENT FOR CHANGING THE BASIC RELATIONSHIP BETWEEN SURALCO AND THE GOS, BOTH OF WHICH SEEM WELL SATISFIED WITH THE BENEFITS EACH

RECEIVES. ONLY A SERIOUS DISRUPTION IN THE WORLD MARKET FOR ALUMINUM, SOMETHING ABOUT WHICH SURINAM HAS LITTLE OR NO SAY, WOULD JEOPARDIZE THIS SYMBIOSIS AND PERHAPS LEAD SURINAM TO LOOK FOR NEW WAYS TO INCREASE CONTROL OVER SURALCO'S OPERATIONS OR REVENUES.

3. THE SECOND U.S. INTEREST INVOLVES THE SHRIMP PROCESSING FACILITY S.A.I.L. OWNED BY CASTLE AND COOKE. THIS OPERATION FACES SUBSTANTIAL DIFFICULTIES RESULTING FROM THE ACTIONS TAKEN BY NEIGHBORING FRENCH GUIANA TO ENFORCE A 200-MILE FISHING ZONE. AMONG THOSE HURT THE MOST ARE THE LARGE NUMBERS OF SOUTH KOREAN FISHING BOATS (WHICH IN FACT FLY THE FLAGS OF SEVERAL COUNTRIES) WHO SELL THEIR CATCH TO S.A.I.L. AND WHO MAY BE FORCED TO MOVE ELSEWHERE IF, FOR EXAMPLE, THE FRENCH INSIST THAT THEY LAND THEIR CATCH IN FRENCH GUIANA. THE FISHERIES OFFICE OF THE DEPARTMENT AND OUR EC MISSION IN BRUSSELS HAVE BEEN DEALING WITH THIS PROBLEM SINCE LATE LAST YEAR AND RESULTS OF THE NEGOTIATIONS WHICH HAVE BEEN GOING ON BETWEEN THE EEC AND CONCERNED COUNTRIES ARE STILL UNCLEAR. IF S.A.I.L. WERE FORCED TO SHUT DOWN ITS OPERATIONS AS A RESULT OF THE UNAVAILABILITY OF BOATS, IT WOULD BE A SEVERE BLOW TO SURINAM'S HOPES TO DEVELOP ITS SHRIMP AND FISHING INDUSTRY AND COULD AMONG OTHER THINGS ENDANGER NEARLY \$2 MILLION IN EX-IM BANK LOANS MADE TO FINANCE SOME OF THE BOATS JOINTLY OWNED BY THE GOS AND S.A.I.L.

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4. SURINAM'S ECONOMY HAS SHOWN LITTLE PROGRESS IN RECENT YEARS AND DRAMATIC DEVELOPMENTS ARE NOT LIKELY IN THE NEXT TWELVE MONTHS. WHILE SURINAM MAY BE EXPECTED TO SHOW MORE INTEREST IN CAJOLING THE U.S. INTO TAKING SOME MORE ACTIVE ROLE IN ITS DEVELOPMENT EFFORTS, WE WOULD NOT EXPECT THAT THE ATTENTION OF SENIOR DEPARTMENT OFFICIALS WILL BE REQUIRED TO ADDRESS CONTINUING DIFFICULTIES OR NEW PROBLEMS.

ZURHELLEN

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Message Attributes

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